Happiness in the Gig Economy: New evidence from Uber drivers in London
(read)

The average Uber driver in London reports higher levels of life satisfaction than other workers in the UK’s capital – but in common with many other self-employed people, they also report much higher levels of anxiety. Yet the subjective well-being among Uber drivers is highly polarised between the majority of drivers that have clear preferences for flexible work and the minority that do not.

These are among the findings of research by Thor Berger, Carl Benedikt Frey, Guy Levin and Santos Rao Danda. Their study, which draws on anonymised administrative data collected through the Uber app and a new independent survey of UberX and UberPOOL drivers, finds that the vast majority of drivers emphasise the role of flexibility that the Uber platform offers. In particular, they note the importance of gaining control over their working hours in shaping their decision to start driving.

These drivers, who value a flexible working arrangement, report higher levels of life satisfaction, as well as lower levels of anxiety. In contrast, the minority of Uber drivers who would prefer to work fixed hours in a more conventional work arrangement exhibit lower levels of life satisfaction and higher levels of anxiety.

The researchers also find that London’s Uber drivers come from economically disadvantaged backgrounds: about three quarters of drivers report a lower total weekly pay than the median London worker. The typical Uber driver spends about 30 hours logged into the app per week and earns about £11 per hour. But more than a third of drivers adjust their working hours by over 50% on a week-to-week basis.

Pay and Flexibility in the Gig Economy: New evidence on zero hours contracts, the minimum wage and workers’ well-being
(read)

A new survey of ‘alternative work arrangements’ in the UK reveals a stark dichotomy between workers on zero hours contracts (ZHCs) who are content with their flexible working arrangements and those wanting greater security. What’s more, labour market policy seems to be partly responsible for the increased use of ZHCs: from only 200,000 people in 2000, to almost a million today.

The research by Nikhil Datta, Giulia Giupponi and Stephen Machin finds that:

• Almost 30% of the 20,000 surveyed workers are on ZHCs specifically for the flexibility offered – and around half of them are satisfied with their ZHC jobs.

• Conversely, around 45% of ZHC workers want both a more regular work pattern and more hours – and almost 30% of workers are on ZHCs as they have no other option available.

• The introduction of the National Living Wage (NLW) has resulted in an increase in the use of ZHCs in the domiciliary care sector, where piecemeal contracts were already very common. This may have occurred in other low pay sectors, such as hospitality, and cleaning and maintenance.

These results are important for policymaking. The UK government has made a commitment to achieve an NLW of 60% of the median wage by 2020. At the same time, concerns
about insecure working arrangements have been raised, notably by the Taylor Review.

Given the interaction between the two, it is evident that trade-offs may surface unless legislation to regulate ZHCs is introduced, although such regulation must consider the nuances of attitudes among workers on ZHCs.

Higher pay for profs boost their research performance: Evidence from the UK’s public evaluation of outputs, environment and impact

University departments that pay their professors more perform better, according to research by Gianni De Fraja, Giovanni Facchini and John Gathergood. Their analysis of professorial salaries and research performance measures in the UK’s 2014 Research Excellence Framework (REF) also finds that:

- The link between pay and performance holds across the full range of academic disciplines, although it appears to be weaker in the most established and research-intensive universities.
- There is substantial dispersion of the wage distribution for UK full professors: the highest paid professors in some of the elite institutions earn as much as seven times the nationally agreed minimum.
- Wage inequality within a department is associated with better performance in some research areas, notably in the ‘Arts and Humanities’ and even more so in ‘Science and Engineering’.
- The positive link between salary and REF performance is driven by the relationship between salary and publications and, to a lesser extent, by that between salary and environment. There is no evidence of a positive relationship between salary and research impact.

The researchers also uncover systematic evidence of a positive impact of having a member of the department in the panel on REF success. This effect is particularly strong in the ‘Arts and Humanities’ and in the ‘Social Sciences’ main panels.

Reforming higher education finance: New analysis of the potential of income-contingent university loans in Spain

Even in a country like Spain, with a relatively poorly functioning labour market for young graduates, the introduction of a system of income-contingent university loans is feasible. Indeed, it offers an opportunity to move away from a situation common across Europe, in which the state pays for a university education, funding is vulnerable to the economic cycle and the primary beneficiaries are the children of better off families.

These are among the conclusions of research by Antonio Cabrales, Maia Güell, Rocío Madera and Analía Viola. Their study proposes a system of higher education finance that prevents universities from being hostages of political cycles: an income-contingent university loan system. The idea is simple: graduates pay for their education, if they can. The state limits itself to providing an insurance mechanism in case the labour market outcomes of the graduates are not sufficiently positive.

The researchers focus on an application to Spain because the country’s labour market works particularly badly, so if a loan system ‘works’ there, it should work even better in other places in Europe.

In their proposed structure, the government will improve its fiscal position, and the beneficiaries will pay for it at different levels. It would be highly progressive: those in the top 25% of the income distribution pay back almost all of the loan, while those in the lowest 10% barely pay back anything. And the share of the cost of university paid by the government would be 16 to 56 percentage points lower than in the current system.